

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 19 January 2016 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs J B Binks, Mrs C Collis, T G Hughes,  
F W Letch and Mrs N Woollatt

### **Apologies**

#### **Councillors**

R M Deed and R F Radford

### **Also Present**

#### **Councillor**

P H D Hare-Scott

### **Also Present**

#### **Officers**

Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Andrew Cawdron (Finance Manager), Catherine Yandle (Internal Audit Team Leader), Nicky Chandler (Auditor), Suzanne Kingdom (Auditor) and Sarah Lees (Member Services Officer)

## 49. **APOLOGIES**

Apologies were received from Councillors R F Radford and R M Deed, who was substituted by Cllr Mrs N Woollatt.

## 50. **PUBLIC QUESTION TIME**

There were no members of the public present.

## 51. **MINUTES OF THE PREVIOUS MEETING**

The Minutes of the previous meeting were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 52. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

## 53. **PRESENTATION FROM THE INTERNAL AUDIT TEAM REGARDING THE DRAFT STRATEGIC AUDIT PLAN (00:05:00)**

Members of the Internal Audit Team introduced themselves and provided the Committee with a presentation explaining the process involved in creating a Strategic Audit Plan. Price Waterhouse Cooper had issued a report in 2015 stating that there were six key stages starting with developing a mission and setting a vision. Further stages involved the following:

- Understanding the organisational plan, assessing its needs and providing recommendations for filling the gaps, for example, there was a need for the Council to become more commercial.
- Being ready for the unexpected as well as the obvious.
- Periodic benchmarking through the Devon Audit Partnership.
- Identifying training needs within the team such as social media and data analytics.
- There needed to be stakeholder alignment, for example, with the Audit Committee.
- Thorough risk assessment needed to be undertaken. The Committee were shown a spreadsheet listing the audited areas and the weighting applied to each area. It was explained that the larger the monetary value, the higher the weighting. The spreadsheet automatically calculated the number of days needing to be spent on audits over a 4 year cycle. Sensitivity was also taken into account, that is, what the public perception would be regarding a particular area. A combination of all these produced an overall score for a service area.
- Assurance mapping was also taken into consideration when assessing a service area, for example, food safety was also monitored by the Foods Standards Agency.
- Performance and success also needed to be measured as well as change management.
- Risk profiles could also change as a result of out sourcing and partnership working.

Comparison costs were provided showing how much Mid Devon District Council's internal audit team cost per day compared to other comparable councils, as well as comparisons in relation to the number of audit days available and days off due to sickness. The Internal Audit Team Leader stated these figures compared favourably within the Devon Audit Partnership.

Discussion took place regarding:

- Core audits in relation to ICT, including software licenses, systems, hardware and the use of external experts to attempt to 'hack' Mid Devon's systems as part of PSN compliance which they had been unable to do. It was explained that the Audit Committee had an opportunity to examine these audits in detail on a regular basis.
- The Payroll system had recently been replaced and was working well.

#### **54. DRAFT STRATEGIC AUDIT PLAN FOR 2016/17 (00:27:20)**

The Committee had before it a report \* from the Internal Audit Team Leader presenting the Draft Strategic Audit Plan for 2016/17 to 2019/20 and the Draft Audit Work Plan for 2016/17.

She outlined the contents of the report stating that Appendix B summarised how the team would be spending their time over the next four years. Appendix A provided a detailed plan for 2016/17. Quarter one would be unusual compared to previous years with the bringing forward of the final accounts and a realignment of audits in this area

as a result. The Committee were reminded that should they have concerns about a particular area they could request that certain audits be brought forward.

Discussion took place regarding:

- The timing of audits in relation to listed building and conservation areas. It was confirmed that audits in this area were included within a rolling programme and that one had only recently taken place.
- Car parking was also included within the rolling programme and was audited on a regular basis.

**RESOLVED** that the draft audit plan be submitted for final approval at the next Audit Committee on 15 March 2016.

(Proposed by the Chairman)

Note: \* Report previously circulated; copy attached to the signed Minutes.

**55. INTERNAL AUDIT PROGRESS REPORT (00:32:18)**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader updating it on the work performed by Internal Audit for the 2015/16 financial year.

Five core audits had been listed within the report and it had been very pleasing that most had been judged to be well controlled. The exception had been Council Tax but the recommendations had not been classified as high priority.

The summary of outstanding audits had again improved with only 15% now overdue and none of these were core audits with high risk recommendations.

Specific discussion relating to each of the internal audits listed in the report took place under the next item.

Note: \* Report previously circulated; copy attached to the signed Minutes.

**56. INTERNAL AUDIT REPORTS (STANDING ITEM) (00:35:36)**

The Committee had before it a report \* from the Internal Audit Team Leader.

Discussion regarding internal audit reports took place under each service area heading:

Council Tax/NNDR & Recovery

- 'Proof of posting' needed to be addressed in order to ensure that the Council could easily prove bills had been posted if challenged.
- Evidence of correspondence and follow up letters needed tightening up.

## Treasury Management

The Council had received back almost all of the money invested with the Icelandic Heritable Bank but it would be approximately 12 to 18 months before it would be known whether there would be a final dividend. The worst case scenario would be that the Council would have £20k outstanding.

## Income and Cash Collection

The Chairman stated that with regard to audit recommendations in general he found it unacceptable that some dating as far back as 2011 and 2012 were still outstanding, however, he had been reassured that these would be dealt with imminently.

Note: (i) \* Report previously circulated; copy attached to the signed minutes.

### 57. **MEMBERS MOTOR INSURANCE DISCLOSURES (00:44:25)**

Following discussions at a previous meeting the Internal Audit Team Leader provided the Committee with an update regarding the number of Members who had provided the Council with a copy of their motor insurance details stating that they were covered for business use. Not all Members had done this and follow up action was required.

Discussion took place regarding how information relating to this issue had been relayed to Members particularly if they had submitted a claim and this had not been paid. The question was asked whether Members had been written to individually informing them that they would not be paid until they had produced evidence to prove that they were covered.

It was explained that articles had been placed in the Members Weekly Information Sheet on several occasions and it had been brought up at full Council. However, in addition to this the Head of Communities and Governance would check with Payroll who had not been paid and request that they be written to individually. It was further explained that because non-payment may have occurred very recently it may be possible for affected Members to resubmit the claim having provided the necessary documents.

The Chairman stated that he would remind his colleagues in the Conservative Group at their next meeting of the need to provide copies of the necessary documents and also at the next full Council meeting.

### 58. **UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:53:55)**

The Committee had before it, and **NOTED**, a report \* from the Head of Communities & Governance and Monitoring Officer providing it with an update on progress made against the 2014/15 Annual Governance Statement Action Plan.

It was confirmed that the consultation in relation to the new Corporate Plan would cease on 29 January 2016. Business, community and voluntary groups as well as the Citizens Panel had been consulted. The results of the consultation would be reported

to the Cabinet on 11 February 2016 and a draft version of the Corporate Plan would be presented to full Council on 24 February 2016.

Note: \* Report previously circulated; copy attached to the signed Minutes.

59. **EXTERNAL AUDIT UPDATE (00:57:10)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton providing a progress report in delivering their responsibilities as the Council's external auditors.

Grant Thornton had been unable to attend the meeting due to sickness, however, it was noted that their audit work was due to start on 8 February therefore the report to the next meeting would provide a more meaningful update in any case.

Note: \* Report previously circulated; copy attached to the signed Minutes.

60. **CERTIFICATION YEAR END LETTER 2014/15 (00:57:30)**

The Committee had before it a letter \* regarding the certification work undertaken by the external auditors for the year ended 31 March 2015.

Due to the fact that Grant Thornton had been unable to attend the meeting it was **AGREED** that consideration of the Certification Letter would be deferred until the next meeting.

Note: \* Letter previously circulated; copy attached to the signed Minutes.

61. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (0058:57)**

In addition to the items already listed in the work programme for the next meeting it was **AGREED** that the following also be added to the agenda.

- Certification Letter from Grant Thornton
- Impact of Earlier Accounts Filing

(The meeting ended at 6.30 pm)

**CHAIRMAN**